

horticulture in its broadest sense. The service is organised on the same area basis as the fertiliser sales force, to which it is an important auxiliary, and comprises seventy-five qualified technical representatives, as well as field research officers. In order to extend Fisons' service to farmers and its own knowledge of soil variations some 50,000 soil and crop samples are taken annually for routine analysis at Levington. Fisons also organises training courses for merchants at which they are given technical instruction in the company's products and their correct usage.

Relations with Other Companies

224. Fisons is a member of the Fertiliser Manufacturers' Association Ltd., the Superphosphate Manufacturers' Association Ltd., the Basic Slag Producers Association, the National Association of Corn and Agricultural Merchants Ltd., and the Fertiliser Society. The latter now provides the principal forum for collaboration on technical matters with other concerns. Fisons is also an associated charterer of the Phosphate Rock Agency Ltd. and a member of the National Sulphuric Acid Association Ltd., and holds 23.65 per cent. of the shares of the United Sulphuric Acid Corporation Ltd. of which it was one of the founders. In South Africa Fisons is in partnership with Albatros Superfosfaatfabrieken N.V. It has a holding in two European fertiliser companies, which are regarded as investments only, viz. about 22.8 per cent. in Acides et Superphosphates Standaert, Belgium (see paragraph 58) and 11.23 per cent. in the Société Industrielle d'Acide Phosphorique et d'Engrais, which manufactures triple superphosphate in Tunis, principally for export to France.

General Policy

225. As will be apparent from the historical section of this chapter, Fisons has not acquired any other fertiliser businesses for some years. Its share of the fertiliser trade generally has increased and important developments have taken place in regard to the production of nitrogenous materials and of more concentrated compound fertilisers and in research activities. Fisons' submissions with regard to its place in the fertiliser industry are set out in Chapter 14: it is sufficient to say here that its present avowed policy is to lead the industry in trading standards and efficiency and to maintain its share of the market but not to make "further major acquisitions of new fertiliser business in order to increase its share of the industry, unless there was clearly inability or unwillingness on the part of other members to provide the capacity necessary to satisfy demand".

CHAPTER 5. POTASH LIMITED

226. There is no production of potash in the United Kingdom although deposits exist in this country and attempts have been made to work them. *Before 1914 Germany was virtually the sole supplier of potash to Europe. At the end of the 1914-18 war the transfer of the Alsatian potash mines to France and increased productive efficiency led to a period of intense competition and low prices. In 1924 a provisional agreement was made between the German and French interests relating to sales to

* This account of the period up to 1939 is based on published information. Potash Ltd. says that it has no knowledge of the pre-war international cartel.

America and Sweden. In 1926, a Franco-German cartel agreement was made for a period of 10 years, the main provisions of which were:

- (i) reservation of home markets ;
- (ii) French producers to encourage new producers under French jurisdiction to join the cartel ;
- (iii) establishment of sales quotas to non-reserved regions, 70 per cent. of the agreed tonnage to be supplied by the Germans and 30 per cent. by the French ; any excess over the stipulated amount to be divided equally ;
- (iv) exchange of information on orders in hand and shipments made ;
- (v) transfer of orders permitted in order to adjust sales to quotas ;
- (vi) compensation to be paid if exact adjustment not possible ;
- (vii) joint selling agencies to be formed in foreign markets, including the United Kingdom ;
- (viii) prices to be fixed for each market on the recommendations of local managers, having regard to
 - (a) cost of production, and
 - (b) encouragement of use of potash.

227. Meanwhile other sources of potash had been developed. In 1932, Polish producers joined the cartel. The producers in Spain, where the industry had developed rapidly, joined in 1934. Certain arrangements are believed to have been made with the Russians and with the producers in Palestine. An understanding was reached with American producers in 1935. At the outbreak of war in 1939 the international organisation of the potash industry was disrupted.

228. During the operation of the European cartel the United Kingdom imported potash mainly from Germany and France and to a smaller extent from Spain, and the principal importer was United Potash Co. Ltd. That company was registered on the 18th March, 1927, with a capital of £50,000 in £1 shares. The entire share capital was held in the names of two nominee companies, Crédit Foncier d'Algérie et de Tunisie Nominees England Ltd. and Princes Street Nominees Ltd., each of which held 25,000 shares.

229. United Potash Co. Ltd. appears to have had much the same relationship with the Continental suppliers as is now enjoyed by Potash Ltd. (see paragraphs 237 to 239), with the difference that Potash Ltd. does not handle East German potash which accounted, before the war, for about 60 per cent. of German production. At the outbreak of war United Potash Co. Ltd. ceased to trade. From 1942 to 1947 the shares registered in the name of Crédit Foncier d'Algérie et de Tunisie Nominees England Ltd. were held by the Custodian of Enemy Property. The company went into voluntary liquidation in 1949-50.

230. When United Potash Co. Ltd. ceased to trade in 1939 Potash Ltd. was formed with the object, the company says, of continuing the supply of French and Spanish potash to the United Kingdom, supplies from Germany being no longer available owing to the declaration of war. Part of the staff belonging to United Potash Co. Ltd. joined Potash Ltd. which took over the lease of the premises of the former company. At its formation Potash

Ltd. was registered as a private company with a capital of £5,000 in £1 shares. The shareholders were British and Continental Banking Co. Nominees Ltd. and Crédit Foncier d'Algérie et de Tunisie Nominees England Ltd., who each held 2,499 shares. The nominal shareholders were responsible to certain banking companies in Holland. We do not know who were the ultimate beneficial owners of these shares. Potash Ltd. says that it has no specific information on the subject, but suggests that the reasons for forming the company (see above) and the attitude later adopted by the Custodian of Enemy Property (see paragraph 231) point to the conclusion that the Dutch bankers were the beneficial owners. However this may be, it appears to us likely that there was some connection with the French potash industry. In 1940 the two shareholders each subscribed £2,500 to bring the capital up to £10,000.

231. Potash Ltd. originally had two directors, one, the Chairman, being British and the other French. During 1940 another French director joined the Board but was replaced at the end of the year by a British director. In November, 1940, after the occupation of France and Holland, the shares of Potash Ltd. were vested in the Custodian of Enemy Property, but the management of the company was left in the hands of the directors. In May, 1941, application was made for the cancellation of the Vesting Order on the grounds that the Dutch bankers had changed their domicile to non-enemy occupied territory (i.e. Curaçao) and the Order was revoked in September, 1941. The shares of Potash Ltd. were not, however, re-transferred from the Custodian to the original nominal shareholders until 1947, when 5,000 shares were transferred to each of British and Continental Banking Co. Nominees Ltd. and Crédit Foncier d'Algérie et de Tunisie Nominees England Ltd.

232. During the war the Board of Trade took over the purchase of potash for public account and Potash Ltd. was appointed to act as agent for that Department. In this capacity the company continued to buy and ship potash fertilisers and market them under the direction of the Board of Trade. Since supplies from Germany had been cut off after the outbreak of war and from France after May, 1940, potash was obtained during the war from Spain, Palestine, North America and the U.S.S.R. In the early months of the war a Potash Section of the Fertiliser Control (see paragraph 66) was set up at the office of Potash Ltd. and the Chairman of that company acted as adviser to the Control on potash.

233. Potash Ltd. traded as an agent of the Government from 1940 until 30th June, 1952, when the Board of Trade ceased buying potash fertilisers for public account. After the war and until 1952 the Government negotiated purchases with suppliers in both East and West Germany and Potash Ltd. did the same as agent of the Government with suppliers in France and Spain. Potash Ltd. was responsible for arranging shipments, insurance and sales in this country and received a commission for these services. In July, 1952, the purchase of potash reverted to private account and Potash Ltd. commenced trading on its own responsibility.

234. The Board of Potash Ltd. remained unchanged from the end of 1940 until 1947, consisting of three directors, two British and one French (see paragraph 231). In April, 1947, a second French director joined the Board, and on the retirement in 1948 of the original French director and

one of the British directors, he was appointed joint managing director with the British Chairman of the company. In 1952 another British director was appointed, in 1954 the British Chairman died and in 1956 a West German director joined the Board. The present Board thus consists of three directors, one French appointed in 1947, one West German appointed in 1956 and one British appointed in 1952. The French director was formerly employed by the Société Commerciale des Potasses d'Alsace which holds the sole selling rights for all potash mined in France (see paragraph 237). The West German director was formerly employed by Verkaufsgemeinschaft Deutscher Kaliwerke G.m.b.H., the selling organisation for potash mined in West Germany (see paragraph 238). The British director is secretary to the company and was previously a member of its staff. The French and German members of the Board are joint managing directors of the company.

235. During 1947 the capital of Potash Ltd. was increased from £10,000 (see paragraph 230) to £50,000 by the issue of 40,000 £1 shares to Midland Bank (Threadneedle Street) Nominees Ltd. who subscribed for them on behalf of the then British Chairman of the company. In 1950 half of this holding was purchased by one of the original shareholders, British & Continental Banking Co. Nominees Ltd., whose total holding thus became 25,000 shares. In 1952 the capital was increased to £100,000 by the capitalisation of undivided profits, the new shares being allocated to the existing shareholders on a one-for-one basis. In the course of this and the following year British & Continental Banking Co. Nominees Ltd. brought its holding up to £90,000 by purchasing the remaining shares held in the name of Midland Bank (Threadneedle Street) Nominees Ltd. In April, 1956, however, it sold 80,000 shares to Holbrit Holdings Ltd., the remaining 20,000 of the company's shares then being held by the two original shareholders in equal parts. In January, 1957, the 100,000 £1 ordinary shares were re-classified as 50,000 "A" and 50,000 "B" ordinary shares of £1 each, and as a result of various subsequent transfers the whole of the "A" shares are now held by Holbrit Holdings Ltd. and the whole of the "B" shares by Hesperia Ltd. We have not been able to trace the changes in the beneficial ownership of the company's share capital involved in these transactions but the directors of Potash Ltd. have told us that while they have no precise knowledge they believe that the shares in the name of Holbrit Holdings Ltd. are held on behalf of the French potash producers and those in the name of Hesperia Ltd. on behalf of the West German producers. In the absence of evidence to the contrary it appears likely that some part of the capital has been owned by or on behalf of French interests since the formation of the company (apart from the period of vesting in the Custodian of Enemy Property), that a former British interest which may have been to some extent independent of any of the Continental producers has been eliminated, and that the West German interest was acquired in or about 1957.

236. The potash fertilisers supplied by Potash Ltd. to the United Kingdom market are:—muriate of potash, sulphate of potash and kainite. Potash Ltd. has the sole selling rights for French, West German and Spanish potash in the United Kingdom market, which accounts for about 75 per cent. of the company's trade; the remaining 25 per cent. is in the Irish

Republic and certain Commonwealth countries. Almost 95 per cent. of the home trade of Potash Ltd. relates to potash supplied for fertiliser purposes, the remainder going to industrial users.

237. The company's supplies of French potash are obtained through the Société Commerciale des Potasses d'Alsace, an organisation which, in accordance with a law made in France in January, 1937, holds the sole selling rights for all potash mined in that country. There are two potash producers in France, Mines Domaniales de Potasses d'Alsace, which is largely State owned,* and Mines de Kali Saint-Thérèse, a public company which employs Mines Domaniales to operate its mines. These producers account for about 80 per cent. and 20 per cent. respectively of the potash mined in France.

238. The selling organisation for supplies of potash from Western Germany is the Verkaufsgemeinschaft Deutscher Kaliwerke, which represents four independent and privately owned organisations of producers: the Wintershall Group, the Salzdettfurth Group, the Kalichemie Group and a smaller producer known as Buggingen. From 1910 to 1945 all potash produced had, by German law, to be placed at the disposal of a State-controlled body, the Deutsches Kalisyndikat, and this organisation sold potash in accordance with quotas agreed among the groups of producers. After the 1939-45 war this law no longer remained in force, but the producers in Western Germany, having been accustomed in former years to selling through one body, set up the existing organisation.

239. Supplies of potash from Spain are obtained through the Union Potassas Españolas, which is the selling agent for the Union Españolas de Explosivos, Potassas Ibericas and Minas de Potasa de Suria, the Spanish producers.

240. Since the end of the war the potash in East Germany has been mined and marketed independently of that in West Germany. In 1952, after the end of Government trading, Potash Ltd. acted as the sole importer of East German potash for supply to the United Kingdom market, but in the following year the East German potash suppliers appointed the Propane Co. Ltd. as their agent and at no time since the 1952-53 season has Potash Ltd. imported from East Germany or from any source other than France, West Germany and Spain.

241. Potash Ltd. has no subsidiary companies and is not a member of any trade association. The company conducts an advisory service with a special staff. Visits are paid to farmers to give lectures and general advice on the use of potash and to project films. The service keeps in close touch with Government advisory services, the National Agricultural Advisory Service, the Universities and research stations. As explained in Chapter 8, it does not maintain stocks of potash in this country but delivers to its customers at some 60 United Kingdom ports. The company is responsible for all the shipping arrangements from the Continental ports and makes, on average, some 800 charters a year. The company's staff consists of about 20 persons (see paragraph 596).

* There is a small minority of private shareholders.